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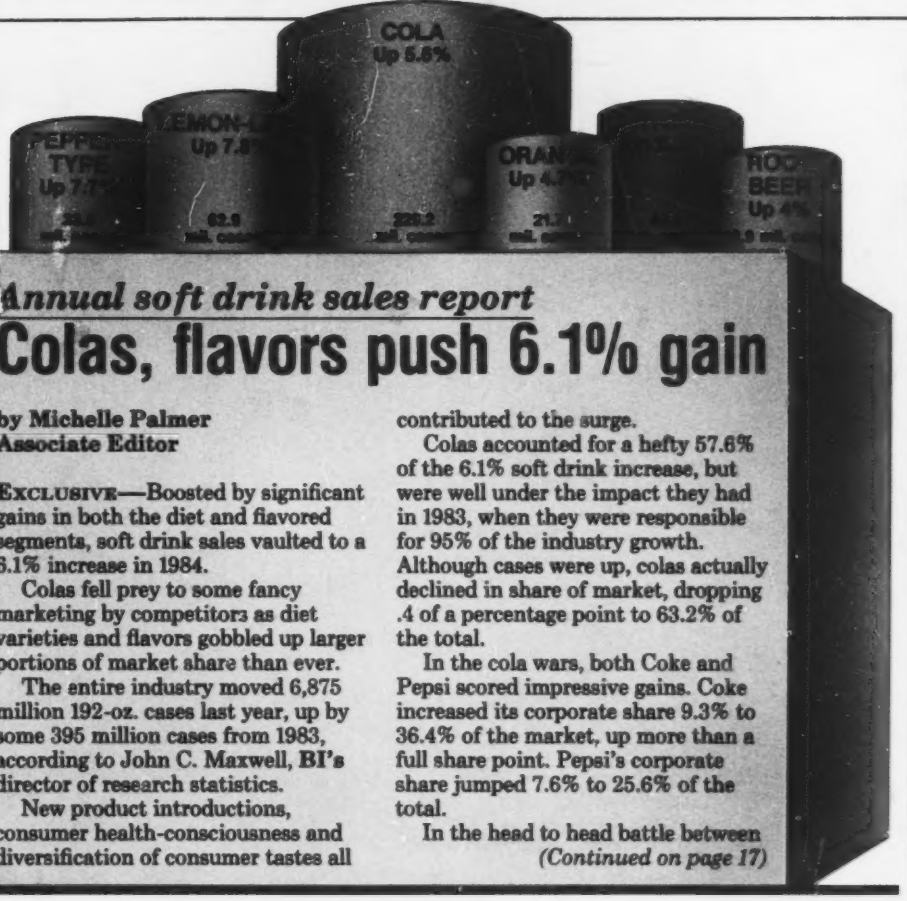

Annual soft drink sales report

Colas, flavors push 6.1% gain

by Michelle Palmer
Associate Editor

EXCLUSIVE—Boosted by significant gains in both the diet and flavored segments, soft drink sales vaulted to a 6.1% increase in 1984.

Colas fell prey to some fancy marketing by competitors as diet varieties and flavors gobbled up larger portions of market share than ever.

The entire industry moved 6,875 million 192-oz. cases last year, up by some 395 million cases from 1983, according to John C. Maxwell, BI's director of research statistics.

New product introductions, consumer health-consciousness and diversification of consumer tastes all contributed to the surge.

Colas accounted for a hefty 57.6% of the 6.1% soft drink increase, but were well under the impact they had in 1983, when they were responsible for 95% of the industry growth. Although cases were up, colas actually declined in share of market, dropping .4 of a percentage point to 63.2% of the total.

In the cola wars, both Coke and Pepsi scored impressive gains. Coke increased its corporate share 9.3% to 36.4% of the market, up more than a full share point. Pepsi's corporate share jumped 7.6% to 25.6% of the total.

In the head to head battle between

(Continued on page 17)

Sugar growers, users square off on subsidies

NEWS ANALYSIS—Although the Reagan administration has come out strongly in favor of a reduction in farm subsidies, advocates of sugar price-supports feel they will win another extension of their support program in Congress this session.

The Sugar Users Group (SUG) — a consortium of sugar refining, soft drink, baking, chocolate, confectionary and ice cream interests — feel, however, that they have their best shot since the '70's of getting the subsidies on sugar reduced or eliminated.

Once again, the major battle will be in the House. Supports were passed there in 1981, by a mere two votes, when Reagan Republicans dropped their opposition to agricultural commodities supports in trade for southern and midwestern Democrats' votes on the Reagan budget.

The vote trading was engineered by Rep. John Breaux (D-LA), who will help spearhead the same effort with colleague Jerry Huckaby (D-LA) this year.

According to SUG spokespersons, on the Senate side, the sugar growers, led by Russel Long (D-LA) and Daniel Inouye (D-HI), have the strength. They expect Sen. Bill Bradley (D-NJ) to put up a good fight. Tom Downey (D-NY) and Willis Gattison (R-OH) will carry the fight in the House.

SUG wants to see the price of sugar, one of their major ingredients, drop. The sugar refiners can't believe that growers would push through a price support bill that is killing off their markets.

For the growers, on the other hand, the supports guarantee them a profit on sugar, and have eliminated commodity speculation in it.

(Continued on page 62)

Restraint law no help for beer industry

by Marty Westerman
Contributing Editor

NEWS ANALYSIS — The U.S. Justice Department's new Vertical Restraints Guidelines, designed to help local courts rule out nuisance antitrust suits, may have negative effects on the beer industry.

Released in late January, the guidelines are for analyzing nonprice vertical restraints under the Sherman and Clayton Acts in three areas: territorial and customer restraints; exclusive dealing arrangements; and tying arrangements.

(Continued on page 82)

NSDA gets 'Webber-izing'

New programs, structure upcoming

by Paul E. Mullins,
Editor

WASHINGTON, DC — If there were any doubts that Fred Webber intends to preside over a different NSDA when he moves into the presidency May 1, they were dispelled last month at the annual meeting of state association officials here.

Webber was the final speaker of the two-day event and gave his views on a wide range of topics, including his vision of the future of the national association. The moves being made and the moves to come are aimed at strengthening the association and making it more valuable in serving a changing soft drink industry.

Although a number of industry officials are participating in the changes, Webber described John Frazier, NSDA chairman, Jack Robertshaw, NSDA vice-chairman, Bob Delauter, outgoing NSDA chairman, and Dwight Reed, NSDA president, as the nucleus of a planning committee.

(See "Transition and future at NSDA," a transcript of Webber's speech on page 73)

Among the major accomplishments has been the establishment of a communications department headed by a professional Washington specialist, Julie McCahill.

Webber also reviewed recent NSDA promotions and praised the staff enthusiastically. He singled out Bob Bohan, vp-government affairs, commenting, "I'm glad he's my partner.

(Continued on page 76)

BI Report

■ **MILLER is introducing Magnum malt liquor in a 40-oz. NR with twist-off, resealable closure in parts of MI, OH, WI, IL, MO, and CA.**

■ **ABARTA, which holds Coca-Cola franchises for Pittsburgh, Cleveland, Buffalo and Bethlehem, PA, became the first soft drink firm to help publicize the plight of missing children. In cooperation with the Nat'l. Center for Missing and Exploited Children, the firm is placing bottle neckers with details of the missing children around its packages within each of its markets.**

■ **COCA-COLA has signed a deal with the USSR and will shortly**

(Continued on page 102)

BI Today

ALCOHOL-FREE BREWS EMERGE

A host of alcohol-free beers are making their debut on retail shelves with impressive results. Many marketers predict they'll create a profitable new segment. See page 45.

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Congress confronts the issues of safe drinking water and the "forbidden" pollutant list once again.

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Tetra Pak President Lars R. Bergwall tells **BI** in an exclusive interview that the aseptic market can look forward to an increasing number of new applications.

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In an interview with **BI**, Tim Healy, vp-marketing of Searle's NutraSweet Group, addresses a few industry myths and asserts NutraSweet's superiority.

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The latest statistics from John C. Maxwell Jr. show liquor sales dropped in '84, but imported spirits are on the rise.

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Jerome Hogan of Alcoa Packaging Equipment offers bottlers tips on their conversion to 3-L PET.

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The juice industry targets the restaurant and vending markets in an effort to promote orange juice as the "anytime" drink.

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Soundoff

Rule 41 changes would weaken standards and lower performances

Speaking at a recent International Unbleached Kraft Conference in New York, an International Paper executive came out in opposition to proposed changes in Rule 41, section 222, which would allow reduction in stacking strengths of between 17%-25%.

"As our customers speed up their operations, they create a need for high-speed packaging systems, more efficient warehousing, and cost-effective distribution, and the demands on corrugated boxes are increasingly more rigorous.

"The marketplace demands quality...but the proposed changes are not market-driven; they are driven by the perceived needs of some container board manufacturers...

"...by lowering the quality of products, corrugated suppliers [believe they] will win business away from plastic packages. I think this would far more likely hurt than help the industry."

Victor Casebolt,
vp-group executive-industrial packaging
International Paper

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Colas, flavors surge for 6.1% industry gain

(Continued from page 1)

brand Coke and brand Pepsi, Coke still leads, but Pepsi gallonage was up 6.8% vs. Coke's increase of 3.1%. Only 330 million cases separate the two brands, down from 360 million in 1983. Their market shares are 21.8% and 17.0%, respectively.

Lemon lime drinks accounted for 16% of the increase in sales; pepper types made up 8.3% of the gain.

Orange and root beer swelled significantly in popularity. While they accounted for only 5.2% and 3.1% of the increase, respectively, both overcame losses in 1983 of 3.7%.

The big news was the "other" category, which includes plain and flavored seltzers used as mixers and as straight beverages, which came off a 14.5% loss in 1983 to show a 19.3% gain last year.

Diet success

The diet segment dominated an impressive 19% of the total soft drink market, up from 17.2% in 1983. Low-cal products racked up a 17.5% increase over 1983 case movements.

Diet drinks were the prime movers in the cola category, stacking up 197 of the 229 million case increase for that segment. Put another way, diet drinks made up 86% of the increase in cola sales.

While NutraSweet sweetened drinks did much in 1984 to spur both trial and repeat sales, many soft drink marketers believe the growth for diet drinks won't stop when new product introductions do. Some predict that diet soft drinks will eventually have up to a 50% share.

"We're very supportive that diet drinks could be 50% of the market," says Michael Fogarty, president and COO of Squirt Co. "We've already seen some of our markets reach that number."

As the first soft drink to convert to 100% NutraSweet, Squirt diet and regular brands jumped 9.4% in sales. Success of the diet variety boosted the regular, too, according to Fogarty.

"The increase had to do with the attention our brand gave to meeting the need for a safe diet drink that meets consumers' taste requirements," Fogarty notes.

Diet drinks' success has been spurred by a consumer desire for a quality beverage with no calories, Fogarty notes. Now that taste problems have been overcome, more people are switching from regular soft drinks. "But," he cautions, "there will always be a demand for sugar-sweetened soft drinks. The regular soft drink market will still grow."

Movement in the diet category was guided by the strong arm of diet Coke, which marked a 67.5% increase over 1983 sales.

In fact, at 141 million cases moved, diet Coke accounted for 71.6% of the total increase in the diet category.

With sales of 350 million cases, diet Coke commands 5.1% of the overall soft drink market, up from a 3.2% share in 1983, according to Maxwell.

"Diet Coke is the fastest growing major new soft drink in history," said Brian Dyson, Coca-Cola USA president at a press conference last year, "and very likely the most successful consumer product ever introduced."

Diet Pepsi was up by an impressive 42 million cases, or 26.9% over 1983.

That brand was responsible for 21.3% of the overall increase in the diet segment. Coca-Cola and Pepsi diet colas together accounted for 92.9% of all the increase in the diet category.

Diet Pepsi maintains a 2.9% share of the soft drink market, up from its 2.4% stance in 1983.

Procter & Gamble believes its Crush brand benefitted by being the first of its kind to go with 100% NutraSweet in both the orange and root beer segments. The company's Crush and Hires flavors pulled a 10.9% hike for the year.

"Our sugar-free brands, Orange Crush and Hires Root Beer, were very widely accepted by our bottlers in 1984 and were a big success for us," says Don Tassone, spokesman for Procter & Gamble. "The sugar-frees did account for a

CONSUMPTION OF SOFT DRINKS BY COMPANY

(Case equals 24 eight-oz. containers)

1980 Mil. Cases	1980 Pct. Market	1981 Mil. Cases	1981 Pct. Market	1982 Mil. Cases	1982 Pct. Market	1983 Mil. Cases	1983 Pct. Market	Company Brands	1984 Mil. Cases	1984 Pct. Market	1983-84 Change
								COCA-COLA CO.			
1,425.0	24.3%	1,463.0	24.2%	1,478.0	23.9%	1,455.0	22.5%	Coca-Cola	1,500.0	21.8%	3.1%
—	—	—	—	17.0	0.3	209.0	3.2	diet Coke	350.0	5.1	67.5
171.0	2.9	178.0	2.9	174.0	2.8	180.0	2.8	Sprite	230.0	3.3	27.8
188.0	3.2	216.0	3.6	237.0	3.8	173.0	2.7	Tab	110.0	1.6	(36.4)
98.0	1.7	88.0	1.5	80.0	1.3	71.7	1.1	Fanta	71.0	1.0	(1.0)
—	—	—	—	—	—	30.0	0.5	Caffeine Free Diet Coke	65.0	0.9	116.7
50.0	0.8	53.0	0.9	50.0	0.8	42.0	0.6	Mello Yello	40.5	0.6	(3.6)
—	—	—	—	—	—	30.0	0.5	Caffeine Free Coke	38.0	0.6	26.7
—	—	—	—	23.5	0.4	20.0	0.3	Diet Sprite	31.0	0.5	55.0
39.0	0.7	34.0	0.6	29.5	0.5	24.8	0.4	Mr. Pibb	23.8	0.3	(4.0)
—	—	—	—	—	—	15.0	0.2	Caffeine Free Tab	12.0	0.2	(20.0)
26.0	0.4	24.0	0.4	19.2	0.3	12.0	0.2	Fresca	6.0	0.1	(50.0)
25.0	0.4	26.0	0.4	26.0	0.4	26.0	0.4	Others	24.5	0.4	(5.8)
2,022.0	34.4	2,082.0	34.5	2,134.2	34.5	2,288.5	35.3	Total	2,501.8	36.4	9.3
								PEPSICO, INC.			
1,056.0	17.9	1,104.0	18.3	1,120.0	18.1	1,095.0	16.9	Pepsi-Cola	1,170.0	17.0	6.8
169.0	2.9	179.0	3.0	175.0	2.8	175.0	2.7	Mountain Dew	185.0	2.7	5.7
154.0	2.6	173.0	2.9	180.0	2.9	156.0	2.4	Diet Pepsi	198.0	2.9	26.9
						95.0	1.5	Pepsi Free and	93.0	1.4	(2.1)
—	—	—	—	20.0	0.3	65.0	1.0	Sugar Free Pepsi Free	70.0	1.0	7.7
24.0	0.4	29.0	0.5	30.0	0.5	25.5	0.4	Pepsi Light	15.0	0.2	(41.2)
15.0	0.3	14.0	0.2	10.0	0.2	10.0	0.2	Teem	10.0	0.1	—
17.0	0.3	16.0	0.2	15.0	0.2	15.0	0.2	Others	20.0	0.3	33.3
1,435.0	24.4	1,515.0	25.1	1,550.0	25.0	1,636.5	25.3	Total	1,761.0	25.6	7.6
								SEVEN-UP CO.*			
317.0	5.4	301.0	5.0	325.0	5.2	352.0	5.4	7-Up	355.5	5.2	1.0
64.0	1.1	70.0	1.2	79.0	1.3	85.3	1.3	Diet 7-Up	95.2	1.4	11.6
—	—	—	—	16.0	0.3	24.0	0.4	Like	20.0	0.3	(16.7)
—	—	—	—	—	—	4.2	0.1	Sugar Free Like	5.0	0.1	19.0
9.0	0.2	8.0	0.1	6.0	0.1	4.5	0.1	Dixie Cola	3.5	—	(22.2)
1.0	—	1.0	—	0.5	—	0.3	—	Howdy Flavors	0.3	—	—
391.0	6.7	380.0	6.3	426.5	6.9	470.3	7.3	Total	479.5	7.0	2.0
								DR PEPPER			
323.0	5.5	326.0	5.4	315.4	5.1	317.5	4.9	Dr Pepper	349.1	5.1	10.0
69.1	1.2	79.5	1.3	81.5	1.3	73.9	1.1	Sugar Free Dr Pepper	68.4	1.0	(7.4)
—	—	—	—	—	—	10.0	0.2	Sugar Free Pepper Free	10.3	0.1	3.0
—	—	—	—	—	—	10.0	0.2	Pepper Free	9.3	0.1	(7.0)
30.0	0.5	31.6	0.5	31.7	0.5	29.2	0.5	Welch's	30.2	3.4	
422.1	7.2	437.1	7.2	428.6	6.9	440.6	6.9	Total	467.3	6.8	6.1
								R.J. REYNOLDS† CANADA DRY CORP			
60.2	1.0	63.2	1.1	68.0	1.1	76.0	1.2	Ginger Ale	81.0	1.2	6.6
27.0	0.5	33.0	0.5	36.5	0.6	40.1	0.6	Club Soda/Seltzer	42.0	0.6	4.7
26.8	0.4	28.0	0.5	29.1	0.5	30.6	0.5	Tonic, Bitter Lemon	30.0	0.4	(2.0)
15.3	0.3	14.3	0.2	13.0	0.2	10.8	0.2	Barrelhead	8.0	0.1	(25.9)
4.0	0.2	4.2	0.1	3.4	0.1	2.7	—	Wink	2.0	—	(25.9)
—	0.5	25.0	0.4	21.0	0.3	20.0	0.3	Others	22.0	0.3	10.0
164.3	2.9	167.7	2.8	171.0	2.8	180.2	2.8	Total	185.0	2.6	2.7
								SUNKIST ‡			
76.0	1.3	88.0	1.5	96.0	1.6	98.0	1.5	Sunkist	100.0	1.5	2.0
2.0	—	10.0	0.1	20.0	0.3	18.0	0.3	Diet Sunkist	14.0	0.2	(22.2)
78.0	1.3	98.0	1.6	116.0	1.9	116.0	1.8	Total	114.0	1.7	(1.7)
54.5	0.9	44.0	0.7	38.5	0.6	35.0	0.5	COTT CORP	32.0	0.5	(8.6)
21.0	0.4	20.0	0.3	19.4	0.3	17.5	0.3	NO-CAL	17.0	0.2	(2.9)
317.8	5.5	329.7	5.4	344.9	5.6	348.7	5.4	Grand Total	348.0	5.0	(0.2)

(Continued on page 18)

CONSUMPTION OF SOFT DRINKS BY COMPANY (Continued from page 17)

(Case equals 24 eight-oz. containers)

1980 Mil. Cases	1980 Pct. Market	1981 Mil. Cases	1981 Pct. Market	1982 Mil. Cases	1982 Pct. Market	1983 Mil. Cases	1983 Pct. Market	Company Brands	1984 Mil. Cases	1984 Pct. Market	1983-84 Change
								ROYAL CROWN-COS.			
166.5	2.9%	149.0	2.5%	144.0	2.3%	134.6	2.1%	Royal Crown	133.3	1.9%	(1.0)%
37.0	0.6	37.0	0.6	35.0	0.6	29.1	0.4	Diet Rite Cola	37.4	0.6	28.5
								RC100			
—	—	20.0	0.3	49.0	0.8	43.4	0.7	(Regular & Sugar Free)	22.3	0.3	(48.8)
50.0	0.8	43.0	0.7	38.0	0.6	40.3	0.6	Nehi and Others	42.0	0.6	4.2
253.5	4.3	249.0	4.1	266.0	4.3	247.4	3.8	Total	235.0	3.4	(5.0)
105.0	1.8	109.0	1.8	109.0	1.8	103.0	1.6	SHASTA BEVERAGES[a]	111.0	1.6	7.8
								MONARCH CO.			
18.0	0.3	17.0	0.3	17.3	0.3	19.0	0.3	Nesbitts	19.3	0.3	1.6
16.0	0.3	17.0	0.3	16.8	0.3	16.0	0.2	Frostie Root Beer	16.5	0.3	3.1
14.4	0.2	14.4	0.2	15.0	0.3	15.2	0.2	NuGrape	15.7	0.2	3.3
8.5	0.2	8.4	0.1	8.3	0.2	8.0	0.1	Sun Crest	8.2	0.1	2.5
2.2	—	2.2	—	2.3	—	2.4	—	Mexie	2.5	—	4.2
NA	—	NA	—	NA	—	—	—	Kickapoo	—	—	—
3.5	0.1	3.0	0.1	2.5	—	2.1	—	Mason's Root Beer	2.1	—	—
1.9	—	0.7	—	NA	—	—	—	Flavette	—	—	—
1.3	—	1.3	—	1.1	—	1.1	—	Dr. Wells	1.1	—	—
33.0	0.6	34.0	0.6	33.0	0.5	32.8	0.5	Other	32.0	0.5	(2.4)
99.3	1.7	98.0	1.6	96.3	1.6	96.6	1.5	Total	97.4	1.4	0.8
64.8	1.1	72.0	1.2	81.5	1.3	83.2	1.3	CADBURY SCHWEPPES USA, INC.	86.7	1.3	4.2
								CRUSH INTERNATIONAL			
56.8	1.0	59.1	1.0	66.0	1.1	68.0	1.0	Hires, Crush, etc.	75.4	1.1	10.9
8.5	0.1	8.7	0.1	9.5	0.1	10.0	0.2	Sun Drop	10.6	0.2	6.0
65.3	1.1	67.8	1.1	74.5	1.2	78.0	1.2	Total	86.0	1.3	10.3
53.8	0.9	64.0	1.1	70.5	1.1	75.4	1.2	SQUIRT CO.	82.5	1.2	9.4
								A&W BEVERAGES			
40.0	0.7	41.1	0.7	42.5	0.7	44.9	0.7	A & W	49.6	0.7	11.2
18.0	0.3	19.9	0.3	21.9	0.3	21.9	0.3	Sugar Free A & W	20.2	0.3	(7.8)
58.0	1.0	61.0	1.0	64.5	1.0	66.5	1.0	Total	69.8	1.0	5.0
								DAD'S ROOT BEER COMPANY			
34.1	0.6	34.0	0.6	32.8	0.5	32.9	0.5	Dad's Root Beer	34.3	0.5	4.3
15.6	0.3	18.5	0.3	18.2	0.3	18.7	0.3	Bubble Up	20.6	0.3	10.2
6.7	0.1	6.8	0.1	6.9	0.1	7.1	0.1	Diet Dad's	6.5	0.1	(8.5)
56.4	1.0	59.3	1.0	57.7	0.9	58.7	0.9	Total	61.4	0.9	4.6
39.9	0.7	39.0	0.7	40.0	0.6	40.5	0.6	DOUBLE COLA CO.	39.5	0.6	(2.5)
22.1	0.4	25.2	0.4	29.8	0.5	32.5	0.5	FAYGO	33.6	0.5	3.4
29.5	0.5	29.5	0.5	28.0	0.5	28.0	0.4	FRANK'S BEVERAGES	27.5	0.4	(1.8)
13.9	0.2	16.9	0.3	19.1	0.3	19.3	0.3	BARQ'S	19.8	0.3	2.6
12.8	0.2	13.5	0.2	13.8	0.2	15.1	0.2	CRAGMONT (SAFEWAY)	16.5	0.2	9.3
10.5	0.2	11.0	0.2	12.0	0.2	14.0	0.2	CHEK (WINN-DIXIE)	15.3	0.2	9.3
10.2	0.2	11.0	0.2	11.5	0.2	12.8	0.2	BIG K (KROGER)	14.4	0.2	12.5
—	—	—	—	20.0	0.3	14.0	0.2	C & C COLA PRODUCTS	12.0	0.2	(14.3)
—	—	—	—	—	—	6.9	0.1	SEAGRAMS[c]	12.0	0.2	73.9
8.0	0.1	7.2	0.1	6.8	0.1	6.4	0.1	COTTON CLUB	6.0	0.1	(6.3)
2.9	—	3.1	0.1	3.5	0.1	3.7	0.1	YUKON (A & P)	3.8	0.1	2.7
								CONSOLIDATED CHOCOLATE CO.			
1.2	—	1.2	—	1.3	—	1.5	—	Chocolate Soldier	1.8	—	6.7
0.5	—	0.5	—	0.5	—	0.5	—	Brownie	0.5	—	—
0.5	—	0.5	—	0.5	—	0.5	—	Choc-ola	0.5	—	—
0.4	—	0.5	—	0.6	—	0.6	—	Other	0.4	—	(33.3)
2.6	—	2.7	—	2.9	—	3.1	—	Total	3.0	—	(3.2)
5,496.4	93.6	5,883.0	94.2	5,997.0	95.1	6,189.7	95.5	Total	6,590.8	95.9	(6.5)
378.6	6.4	352.0	5.8	303.0	4.9	290.3	4.5	OTHERS	284.2	4.1	(2.1)
5,875.0	100.0%	6,035.0	100.0%	6,200.0	100.0%	6,480.0	100.0%	Grand Total	6,875.0	100.0%	6.1%

[a] Represents partial year last market shares in 1983 and distribution in about 42% of the U.S. market in 1984.
[b] Dunkin was purchased by R.J. Reynolds in 1984.
[c] Seagrams is a division of Consolidated Products. Shasta figures exclude sales of C&C Products.
[d] Subsidiary of Philip Morris, Inc.
[e] R.J. Reynolds includes: Canada Dry Corp., Sunkist, Cott Corp. and No-Cal.

Source: Liebler Andelsohn Inc.

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Beverage Industry
March 1985

sizable part of our increase in 1984."

Diet versions in the lemon lime category also marked impressive gains in sales. Diet Sprite sales jumped by 55%, or 11 million cases.

Diet 7UP also boasted a significant increase, up by 11.6% or 9.9 million cases, while regular 7UP rose only 1%.

Not all, however, believe success will be found in a pure 100% formulation. Dr Pepper has no plans to switch from its NutraSweet/saccharin blend, based on tests indicating customers we're pleased with the taste.

"We like our blend. We'll stay with it," says Dr Pepper's Jim Ball, vp communications.

Not only would the conversion not improve the flavor of the product, Ball says, but it would increase costs for the bottler.

Sugar Free Dr Pepper sales nosedived 7.4% in 1984. Still, the company holds firm. "All any of us is selling is taste," Ball says. "If it's acceptable, we feel we're doing our job."

Others, however, that joined the clamor for NutraSweet but were not able to capitalize on its consumer acceptance because of a limited supply, admittedly felt the shortage in their pocketbooks.

A&W, for example, pulled an impressive 11.2% gain in regular A&W, but watched its sugar-free version drop 7.8% in sales.

"We're just beginning to get NutraSweet now," says Michael Weinstein, senior vp-marketing. "The problem was probably a consumer perception that products don't taste as good without NutraSweet."

Recognizing the growth potential in the diet category, along with the amount of dollars behind diet cola marketing in the past few years, A&W is taking aggressive action. "We're putting one-half of our media weight behind sugar-free A&W in 1985," Weinstein states.

Other companies unable to get NutraSweet initially, will be broadening their bases in that segment with the addition of the sweetener in their products this year.

Flavors forge ahead

Flavor fanciers were out in force last year, buying more orange, root beer, lemon limes and pepper type drinks than ever before.

Dr Pepper had a good year, showing a 10% gain in its flagship brand.

Like many franchise companies last year, Ball attributes the increase to improved marketing and better communication and responsiveness by Dr Pepper franchises.

"Bottler confidence returned in 1984," Ball notes. "We got back on track in communicating with bottlers."

He also cited increased attention to fountain service as

MARKET SHARE BY TYPE

1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983		1984
63.0%	63.0%	62.5%	61.7%	62.1%	62.2%	62.4%	62.3%	62.3%	62.4%	62.6%	62.1%	63.6%	Cola	63.2%
12.0	12.0	12.5	12.8	12.9	12.7	12.4	12.3	12.1	11.8	11.6	12.0	12.5	Lemon-Lime	12.7
3.9	4.7	5.3	6.4	6.3	6.5	7.2	7.5	7.5	7.5	7.4	7.0	6.8	Pepper Type	6.9
8.4	8.4	8.2	8.0	7.9	7.8	7.4	7.4	7.3	7.4	7.4	7.6	7.1	Orange	7.0
5.0	5.0	5.0	5.2	5.2	5.2	5.3	5.4	5.5	5.5	5.5	5.4	5.0	Root Beer	4.9
7.7	6.9	6.5	5.9	5.6	5.6	5.3	5.1	5.3	5.4	5.5	5.9	5.0	All Others	5.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Total	100.0%

Includes diet drinks.

Source: Laidlaw Anobacher Inc.

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Beverage Industry
March 1985

an area of much growth for the brand.

The lemon lime category once again saw growth, with 7UP 1.0% and Diet 7Up at 11.6% growth.

Sprite registered 27.8% growth for the regular and 55% for diet. Effective marketing helped spur the dynamic growth, say Coke sources.

"Our advertising campaign, without a doubt, contributed significantly, along with the McDonald's account authorization, in substantially increasing sales," says a Coca-Cola spokesman.

A&W also came off a "fabulous" year, according to Michael Weinstein. "All our programs really came together—good advertising, bottler support and the package changes which we did last year, had their full impact this year," Weinstein says.

Sales of regular A&W root beer were up 11.2%, well over the industry root beer average of 4.0%. The company moved 49.6 million cases last year, 5 million over the 1983 total.

Dad's Root Beer was also up 4.3%, to 34.3 million cases, after relatively flat growth in 1983.

According to Tassone, the flavor category is expanding enough to accommodate increases in both diet and regular versions.

"Introduction of our sugar-free products did not cannibalize any existing sugar business," he says, "because flavors, overall, are enjoying increases."

Flavored seltzer

Club soda, mineral waters and particularly naturally-flavored waters began to show signs of significant market impact.

A number of companies are diving wholeheartedly into that segment—and with impressive results.

Canada Dry showed gains of 4.7% in its club soda/seltzer lines, used by consumers both as mixers and as straight beverages.

Canada Dry also unleashed last year its lemon-lime flavored seltzer to 50% of its bottlers across the country. That introduction is reflected in its "other" category, which leaped by 10%.

PER CAPITA CONSUMPTION OF SOFT DRINKS

	Million Cases Consumed	Gallons Per Capita
1984	6,875	43.2
1983	6,480	41.5
1982	6,200	40.1
1981	6,035	39.5
1980	5,875	38.9
1979	5,700	38.1
1978	5,500	37.1
1977	5,260	35.9
1976	4,890	33.7
1975	4,460	31.0
1974	4,460	31.4
1973	4,440	31.5
1972	4,200	30.1
1971	3,950	28.6
1970	3,675	27.0
1969	3,475	25.9
1968	3,300	24.8
1967	3,100	23.5
1966	2,910	22.3
1965	2,625	20.3
1964	2,430	19.1
1963	2,245	17.9

Source: Laidlaw Anobacher Inc.

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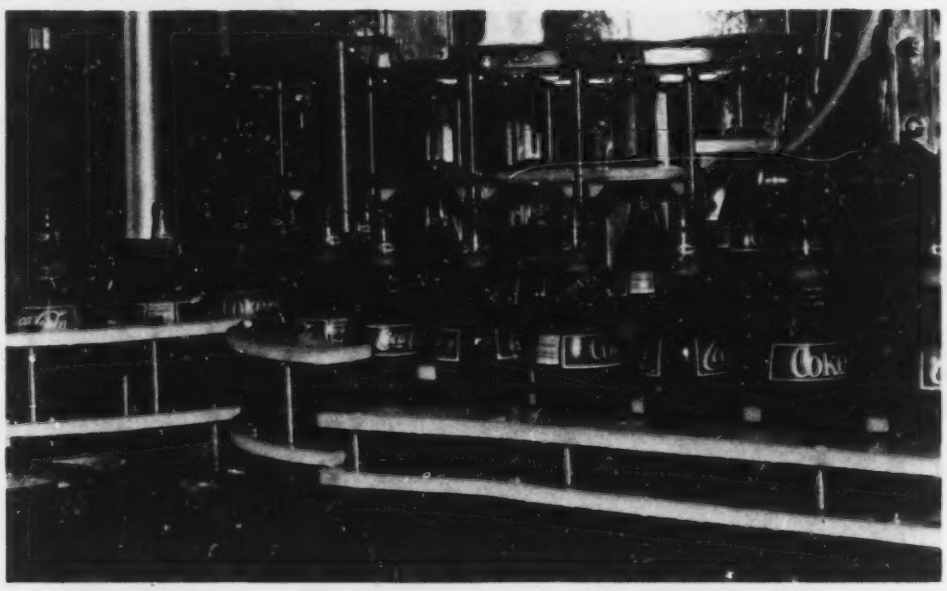
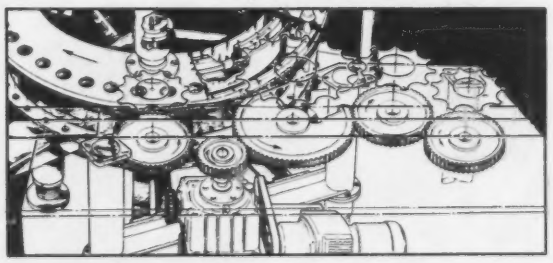
The VMH Silverstream Beverage Filler:

The Simplicity And Reliability Of Gear-To-Gear Drive. 3-L PET On Every VALVE



Unique in the industry, the VMH gear-to-gear drive system minimizes the broken bottles, machine damage, and product flow stoppages associated with the timing imperfections common to belt drive and other inferior systems.

Each rotary motion in the Silverstream filler is driven by a positively meshed gear on the same plane as the main drive pinion.



The VMH drive system ensures the smooth bottle handling critical to efficient carbonated beverage filling and contributes in turn to the filler's established ability to fill at temperatures up to 55° F and beyond.

The simplicity of the system makes light of regular operation and maintenance chores.

Silverstream fillers are available to handle your range of bottle sizes at speeds to match most any requirement. The sensible engineering incorporated in the drive system in carried throughout the machine.

Contact VMH today to find out all the ways the Silverstream filler will ensure maximum efficiencies in your bottling line.

VMH

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LEMON-LIME CONSUMPTION*

1980 Mil. Cases	1980 Market	1980 Pct. Change	1981 Mil. Cases	1981 Market	1981 Pct. Change	1982 Mil. Cases	1982 Market	1982 Pct. Change	1983 Mil. Cases	1983 Market	1983 Pct. Change	Company	1984 Mil. Cases	1984 Market	1984 Pct. Change
381.0	54.0%	(0.7)%	371.0	53.0%	(2.6)%	404.0	54.5%	8.9%	437.3	54.0%	8.2%	Seven-Up	450.7	51.7%	3.1%
171.0	24.3	3.6	178.0	25.4	4.1	197.5	26.6	11.0	242.0	29.9	22.5	Coca-Cola	301.5	34.6	24.6
15.0	2.1	—	14.0	2.0	(6.7)	10.0	1.3	(28.6)	10.0	1.2	—	PepsiCo	10.0	1.1	—
567.0	80.4	0.6	583.0	80.4	(0.7)	611.5	82.5	8.6	689.3	85.2	12.7	Subtotal	762.2	87.4	10.6
138.0	19.6	9.2	137.0	19.6	(5.1)	130.0	17.5	(5.1)	120.0	14.8	(7.7)	All Others	110.0	12.6	(8.3)
705.0	100.0%	2.2%	700.0	100.0%	(1.8)%	741.5	100.0%	5.9%	809.3	100.0%	9.1%	Total	872.2	100.0%	7.8%
	12.0%			11.8%			12.0%			12.5%		% of Total Market		12.7%	

*Does not include Hill Billy drinks or Fresca.

Source: Lellitzer Anstiecher Inc.

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Beverage Industry
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"The total seltzer category is growing by over 60%," says Connie Rizzo, marketing manager of soft drinks for Canada Dry.

According to the company, distribution of the lemon lime flavor will become national in 1985, and distribution of two new flavors—mandarin orange and grapefruit—will reach 50% of the country by the end of this year.

The products are being consumed straight as a refreshing beverage, Rizzo says, and are the fastest-growing segment of the beverage industry.

Rizzo feels the natural products are taking a little business from both the cola and flavor markets, mainly due to the changing tastes of the consumer.

Seltzers do not, however, draw typical drinkers of diet soft drink, Rizzo notes. "Growth of seltzers is not coming at the expense of the diet segment," she states.

Instead, seltzer drinkers are usually educated about the product, and use it because it contains no sugar, salt or artificial additives, Rizzo explains.

Seagram's also had a good year with its line of mixers and ginger ale, experiencing a 73.9% growth for the product in 1984.

Movement of the line totalled 12 million cases for the year, up from 6.9 million in 1983.

The cola story

Colas did account for 57.6% of the increase experienced in the industry, but were guided mainly by the diet segment.

For the first time in years, colas lost some market share, down to 63.2% from 63.6% in 1983. The category did increase in unit sales, though, by a substantial 5.6%, falling just short of the industry average 6.1%.

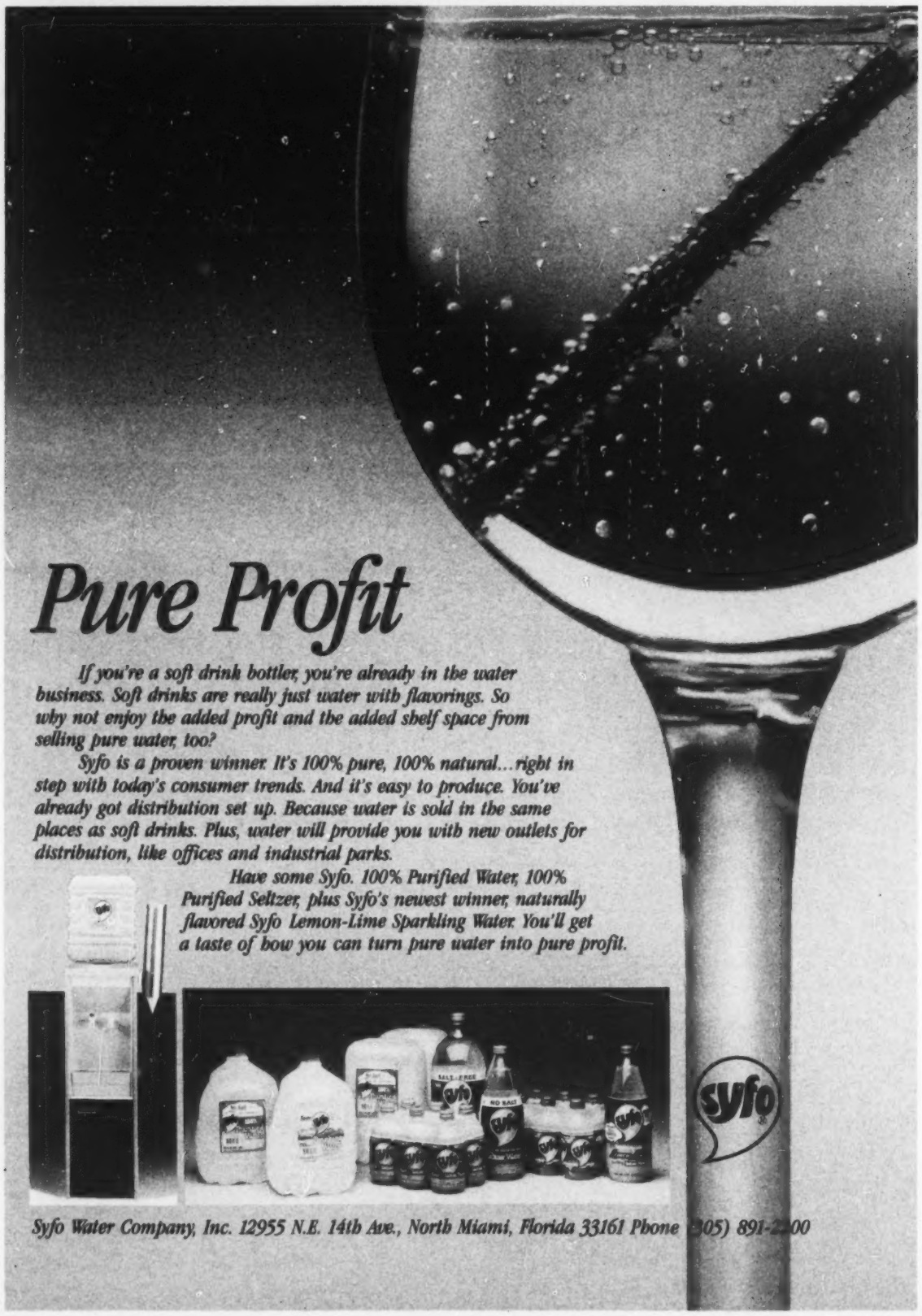
Coca-Cola maintained its dominant edge in the industry, moving 1,500 million cases of regular product for the year, for an increase of 3.1%. It continues to command 21.8% of total market share, although it lost a little footing from 1983, when it carried 22.5%.

Pepsi-Cola, at 1,170 million cases sold, made strides in market share, up to 17% from 16.9% a year ago.

Pepsi showed an increase of 6.8% for the year, above the industry average.

"Pepsi-Cola had this kind of year because of one major, overriding factor and three contributing factors," says John H. Costello, senior vp-marketing for Pepsi-Cola USA. "The overriding factor was the partnership we had between the bottlers and the company, and that whole sense of partnership gave us a great base to start off with."

Costello went on to point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COLA CONSUMPTION*

1980 Mil. Cases	1980 Market	1980 Pct. Change	1981 Mil. Cases	1981 Market	1981 Pct. Change	1982 Mil. Cases	1982 Market	1982 Pct. Change	1983 Mil. Cases	1983 Market	1983 Pct. Change	Company	1984 Mil. Cases	1984 Market	1984 Pct. Change
1,613.0	44.0%	5.1%	1,679.0	44.4%	4.1%	1,715.0	44.6%	2.1%	1,912.0	46.4%	11.5%	Coca-Cola	2,075.0	47.7%	8.5%
1,234.0	33.6	3.9	1,306.0	34.6	5.8	1,350.0	35.1	3.4	1,436.5	34.9	6.4	Pepsi-Cola	1,546.0	35.6	7.6
203.5	5.5	3.3	206.0	5.4	1.2	228.0	5.9	10.7	207.1	5.0	(9.2)	Royal Crown	193.0	4.4	(6.8)
—	—	—	—	—	—	—	—	—	32.7	0.8	—	Seven-Up	28.5	0.7	(12.8)
3,050.5	83.1	4.5	3.191.0	84.4	4.6	3,293.0	85.7	3.2	3,588.3	87.1	9.0	Subtotal	3,842.5	88.4	7.1
619.5	16.9	(1.8)	589.0	15.6	(4.9)	550.0	14.3	(6.6)	530.0	12.9	(3.6)	All Others	505.0	11.6	(4.7)
3,670.0	100.0%	3.4%	3,780.0	100.0%	3.0%	3,843.0	100.0%	1.7%	4,118.3	100.0%	7.2%	Total	4,347.5	100.0%	5.6%
	62.5%			62.6%			62.0%			63.6%		% of Total Market		63.2%	

*Includes diet colas.

Source: Laidlaw Ansbacher Inc.

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Beverage Industry
March 1985

out that first contributing factor was a great advertising program, all across the board. Second were a host of big, exciting new ideas, like signing the Jacksons and Lionel Richie as advertising spokesmen.

"Third, and no less important than the other two, we got back to the basics. Bottlers got out there and sold; they worked with the trade and were very creative," Costello states.

"And they understood the effect of these three factors coming together and that the basics were no less important than any of the others," he notes.

Seven-Up Co.'s Like Cola was down in 1984, by 16.7%, but its sugar-free version swelled by 19%.

Royal Crown Cola also felt a crunch of 1.0% in its regular brand, but more than filled the gap with a 28.5% gain in the Diet Rite brand.

While colas accounted for 57.6% of the overall gain in the industry, that figure is substantially less than the leads cola showed the market in 1983.

Some believe the increase in popularity of flavors, particularly lemon limes and seltzers, is cannibalizing the cola market.

"Introduction of our sugar-free products did not cannibalize any existing sugar business, because flavors, overall, are enjoying increases."

"There are some signs of erosion in the cola category," states one industry source. He believes it will take a dramatic new product or category introduction to spur the market onto continued heights.

Many, however, see the diet colas as the biggest competitor to the regular cola.

"Diet colas are drawing cola users away from regular," says Michael Weinstein.

Admittedly, however, the vast majority of advertising attention and dollars have focused on the diet versions, particularly by the majors.

While Brian Dyson stated at a press conference that diet soft drinks is where the action is, "We'll continue to vigorously support Coca-Cola and all of our brands with a full range of proven and new marketing techniques."

With sales of regular Coke up by only a marginal 3.1%, and Pepsi hot on the trail, it's likely the company will redirect some marketing strategy toward its flagship brand.

However, it's not likely that the overall cola category will suffer too much, despite indications of consumer desires for variety.

While Squirt marked significant gains, Fogarty doesn't believe it came at the expense of colas. "The numbers show that cola is still a very large market," he points out.

"People are picking up other flavors with colas; people's tastes are becoming more diverse," he notes.

Another industry source agrees. "People will always buy colas along with some other flavor, and the other flavors will fight amongst themselves for that spot."

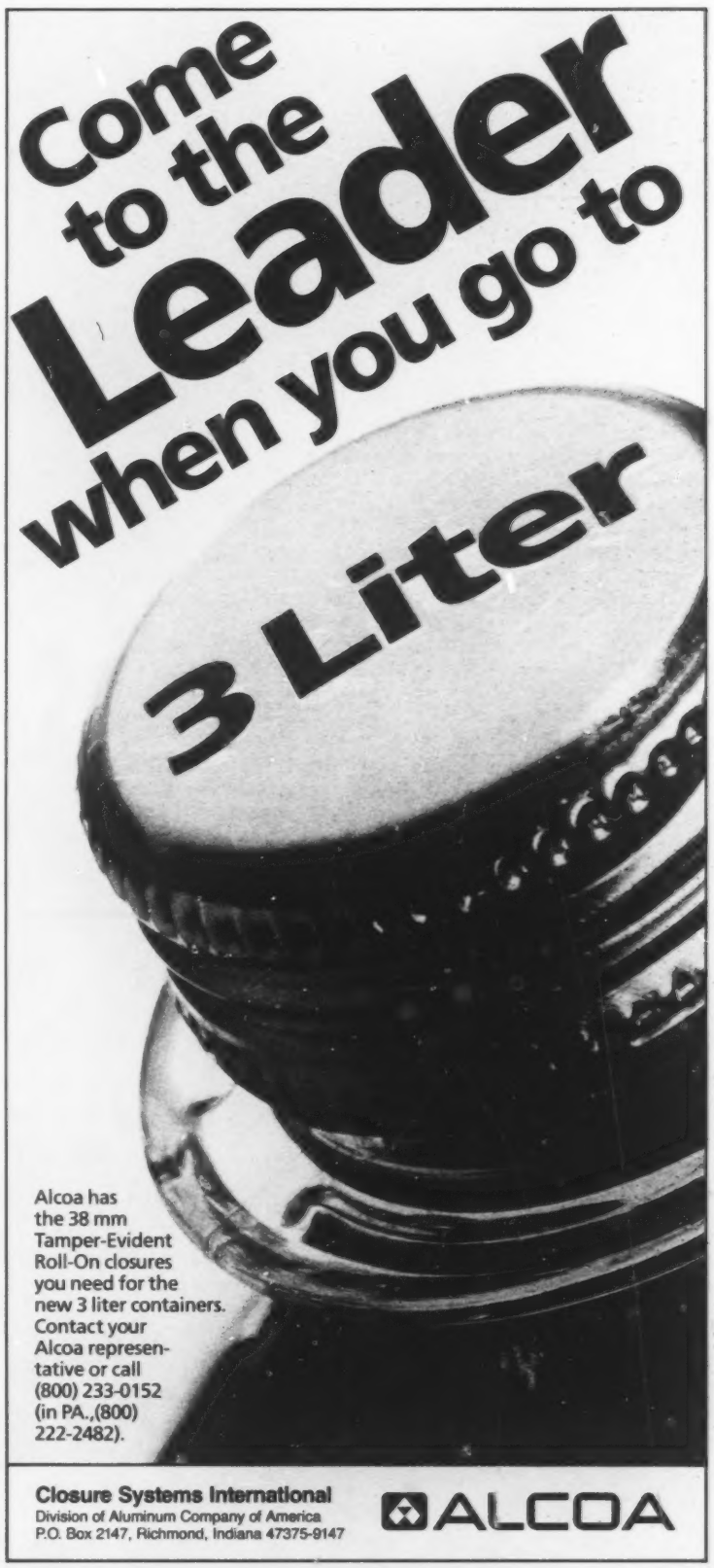
Caffeine-frees

With an increase of 36.6 million cases in 1984, caffeine-free colas and pepper-type drinks accounted for 9.3% of overall industry growth. The segment itself was up 10%.

The caffeine-free category now controls 5.9% of the market, up from last year's 5.6% share. While some believe the market may have plateaued at that level, others point to the success of other products, like coffee, as examples of the potential for products with no caffeine.

Others don't agree. "It's dying out," says one industry source. "Caffeine in soft drinks is a non-issue; it was only an advertising gimmick."

(Continued on page 68)



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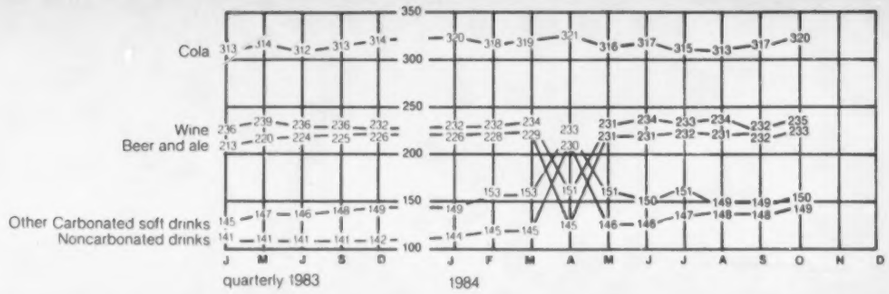
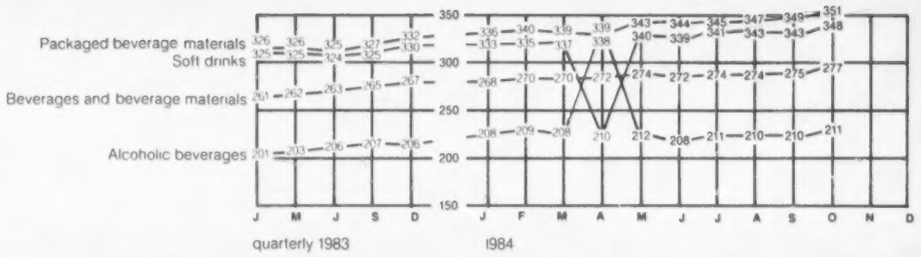
Beverage Business Indicators*

1984 CONSUMER PRICE INDEX (1967 = 100)

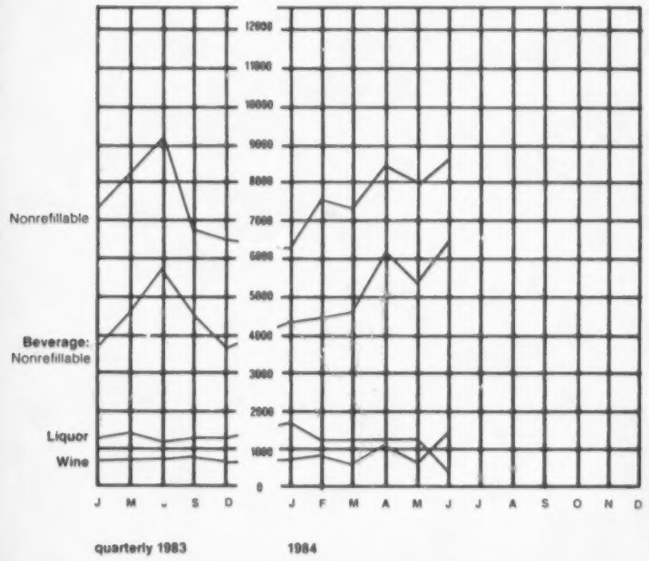


1984 PRODUCER PRICE INDEX (1967 = 100)



BOTTLE SHIPMENTS

(thousands of gross)



IMPORTED BEVERAGES

(proof gals)

	Aug. 1984	Sept. 1984	% Change	Sept. 1983	Sept. '83 vs. Sept. '84 % Change
Beer*	24,367,247	23,497,170	(3.6)	18,928,432	24.1
Whiskey	5,856,563	5,946,188	1.5	4,769,813	24.7
Brandy	393,008	528,355	34.4	417,284	26.6
Gin	404,785	546,481	35.0	399,812	36.7
Rum	249,527	177,976	16.3	140,145	27.0
Cordials & liqueurs	859,191	819,489	10.8	859,637	(4.7)
Others	1,138,612	959,505	(9.0)	757,199	26.7
Total	36,718,762	32,574,164	(1.5)	26,272,322	23.8
Sparkling wines	1,049,643	1,291,506	23.5	844,918	52.9
Still wines, table	12,243,946	10,464,515	12.2	9,030,295	15.9
Still wines, fortified	164,319	231,329	15.9	202,851	14.0
Vermouth	254,112	240,982	12.4	184,009	31.0

*Includes ale, stout, porter
Source: National Association of Beverage Importers

ALCOHOLIC BEVERAGE REMOVALS

(barrels of 31 gals)

	July 1984	Aug. 1984	% Change	Aug. 1983	Aug. '83 vs. Aug. '84 % Change
Beer	17,152,740	17,216,116	0.4	17,609,867	(2.2)
Wine*	20,000,304	34,159,339	70.8	30,865,267	9.6
Spirits*	21,599,676	30,265,470	40.1	30,251,655	0.04

*wine gals
Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

CLOSURES FOR BEVERAGES

(thousands of gross)

	June 1984	July 1984	% Change	July 1983	July '83 vs. July '84 % Change
Metal (for spirits, wines)*	79,019	62,954	(20.3)	59,094	6.5
Plastic (for spirits, wines)*	128,944	92,331	(28.4)	88,241	4.6
Metal Crowns (beer & soft drinks)	15,249	13,518	(11.4)	14,525	(6.9)
Soft drink (convenience and conventional)	6,151	5,722	(7.0)	6,071	(5.7)
Beer (convenience and conventional)	9,098	7,796	(14.3)	8,454	(7.8)
All other metal closures other than crowns	9,526	9,242	(3.0)	8,290	11.5

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Compiled by Market Data Communications (MDC) for Beverage Industry

Aseptic report

National brands dominate, but regionals also thrive

Special Report — No longer the new kid on the block, aseptics, however, are a long way from reaching maturity. Based on extensive industry interviews, here are some observations:

- Long after filling the pipe lines, national brands — which dominate sales — are growing at around a 10% clip.
- Regional brands, particularly those with a hybrid warehouse/route distribution system, can sustain a market presence.
- Having fulfilled food store rollout objectives, national brand marketers are beginning to turn their sights on the "all other segment" and are developing programs to attract bottlers.
- In spite of the seeming glut of aseptic beverages in some markets, additional new products will be introduced in 1985, some destined for soft drink operations.

Thanks to aseptics, juice and juice drink sales are climbing. The year end figures from the Florida Citrus department show total juices up 2% in gallonage for 1984. Ready-to-serve in bottles, cans and cartons (the area which includes aseptics) is up 15%.

In juice drinks which were down 1%, the glamor category is frozen concentrates, up 30%. The RTS segment reported in with a 12% gain.

Market share information for these beverages is extremely difficult to obtain. **Beverage Industry** estimates that Coke Food's Hi-C commands 20% of the market and is in first place. Reynolds' Hawaiian Punch is in second with approximately 14% of the market. Shasta's Capri Sun is in third position with a market share estimated to be between 7%-10%.

Overall, national brands sold slightly more than 40% of the sales volume, but that still leaves almost 60% open for regional marketers, a growing number of which are bottlers.

Some of these firms are beating the national brands at their own game, utilizing a warehouse distribution system. Others have succeeded with their store-door delivery system. And, as always, there are those that have not succeeded.

Beverage Industry's John C. Maxwell Jr., director of research/statistics observes: "Some shakeout is beginning to occur in the industry as the more heavily advertised, national brands gain market share at the expense of smaller, regional brands."

Maxwell also feels aseptics pose a potential threat to the growth of the soft drink industry. Yet, at least for now, both soft drink and juice sales are growing. After being relatively flat for the last decade, per capita consumption of juices has begun to grow, and Maxwell attributes this recent growth to aseptic packaging.

Per capita consumption was 6.8 gal. in 1982, jumped to 7.7 in 1983 and 8.1 last year.

He further notes that improvements in the packaging, such as better laminated or plastic coating may give these oxygen-sensitive products a true shelf-life of six months in

Per capita U.S. Consumption of Juices (Gal.)

1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
6.8	6.8	6.8	6.5	6.7	6.9	6.7	6.8	7.7	8.1

Source: John C. Maxwell Jr. Laidlaw Ansbacher

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Tetra Pak's pull tab is designed to make the package appeal more to adults.

1985, improving the marketability of the package.

So it's no surprise that bottlers and other beverage marketers have taken a long, hard look at the aseptic segment.

It's growing: Retail sales of single service juices and drinks have leaped from 4 million cases in 1982 to 20 million cases in 1983, reported Tetra Pak president Lars R. Bergwall in a speech presented at InterBev.

He added that sales in 1984 were expected to double the case volume of 1983 and unit sales for all aseptic products would exceed one billion units for the first time.

(See "New uses, sizes to spur aseptic growth," an interview with Bergwall, page 34)

Those that have opted to enter have had varied results. Here is a rundown on some of the many marketers/brands in the aseptic arena today:

Sun Rise, a cooperative of Coca-Cola bottlers based in Marshall, MN, has also enjoyed success with its line of 15% juice drinks, according to president John Sherman. The product is available in four flavors—fruit punch, grape, orange and apple—and contract packed in Combibloc's 300-ml brick by Power Packaging.

Sherman believes Sunrise's strongest sales are coming from convenience stores, followed by vending and food stores last. He reports both take-home and cold drink sales are doing well in convenience stores. Despite the weaker sales in food stores, Sherman says Sunrise is holding up well against the national brands in food stores. "No one's there to merchandise the national brands. Even with their big budgets they can't compete with our distribution," he said.

In addition, thanks to bottlers, Sherman feels the aseptic segment is expanding. "Previously, aseptics were only available in food stores, but the bottler has put them in other outlets. Mother had to bring them home; now the preteen or the teenager can buy it."

Sherman is happy with going with a 15% juice drink because he says it tastes better than the 10% drinks on the market, and Sunrise is now studying whether a 100% juice product is worthwhile.

Mid-South Bottling's Rainbow Farm has built its entire line around 100% juice, which is now distributed in nine southeastern states. The bottling giant has built a lot of its distribution around food brokers. By volume, sales are split about 60% through brokers and 40% through bottlers.

"This industry (soft drink) is used to phenomenal numbers," said T. Michael Barclay, executive vp. "Almost anything pales in comparison to it, but that doesn't mean it's not a good business to be in." He added: "The chocolate-covered raisin industry would love to have our numbers."

Most bottlers that have compared soft drink to aseptic numbers have been disappointed."You won't find many bottlers willing to spend 20% of their capital for 4% of their business. Going out and spending $1,100 on an aseptic vending machine is something many bottlers won't do either," said Barclay.

Because of this, Barclay has found food brokers an economical way of getting his product into the market when reception from bottlers in the territory was less than warm.

Barclay says sales of Rain

(Continued on page 32)

Costs of three juice-packaging systems ($ per thousand gallons packed)

Operation	Aseptic 1-Liter Flex. Carton	Glass Quart	Glass 1/2 Gal.	Steel (46 oz.)	Aseptic Cost Is
Processing	$ 16.81	$ 8.89	$ 5.51	$ 3.83	Highest
Filling:					
In-Plant Costs	31.90	38.88	23.94	19.06	2nd Highest
Package Costs	371.00	812.00	730.00	974.00	Lowest
Total Filling Costs	402.90	850.88	753.94	993.06	Lowest
Casing	93.02	192.34	180.77	121.36	Lowest
Case Handling	8.14	25.84	12.92	5.36	2nd Lowest
Plant Storage	7.15	9.04	9.93	4.87	2nd Lowest
Transport to Whse.	120.88	162.50	160.38	126.13	Lowest
Warehouse Storage	4.19	4.44	4.76	4.15	2nd Lowest
Transport to Retail	12.09	16.25	16.04	12.61	Lowest
Retail Storage	1.75	1.82	1.95	1.74	2nd Lowest
Retail Display	1.33	79.36	59.41	55.57	Lowest
Total	$668.26	$1,360.36	$1,205.61	$1,328.68	Lowest

Source: The Dupont Study

Copyright: Beverage Industry March 1985

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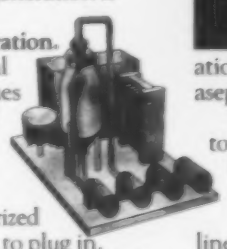

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National brands dominating, but regionals are thriving

(Continued from page 29)

bow Farm are strongest in food stores now, but he's not convinced it will always be that way. "We need to get into that 'all-others market' to improve our exposure," he said.

Barclay is happy MSB opted for the 100% juice instead of a juice drink. "It seems to have given us some leverage against the big guys," he explained.

American Juice Co., the Gary, IN-based manufacturer of Juicyful, has expanded distribution of that product and it's now available in Chicago, Milwaukee, Indianapolis and parts of Michigan. Distribution is through food brokers.

"Most of our sales have come in three-packs," said Paul Bartak, vp and general manager. "We get very few single service sales; the retailers like three packs better because they're easier to handle and offer the largest volume."

Strong competition has forced American Juice to make its retail prices "more competitive," he said.

American Juice uses Tetra-Pak's 250-ml package on its own equipment. In fact, because of the success of aseptics some private label brands have sprung on the market and American Juice has done some contract packing.

One large retailer that has opted to bring its own private label brand to its shelves is the Cincinnati, OH-based Kroger Co., which contract packs 100% juice and 10% fruit drinks through Fruit Box, Atlanta.

"It's a kick-off on Hi-C," said John Morrison, director of marketing. "We got into it because we wanted to be involved in the future of aseptics," he said. The brand is only sold at Kroger outlets.

Sunglo Cooperative Inc. has been successful in marketing its Sunglo line of 10% fruit drinks and 100% juices. The Holland, MI-based group is comprised of five bottlers, including Admiral Beverage Corp., Nor-Cal Beverage Co. Inc., Refreshments Limited, Squirt and Co. and Sun Drop Bottling Co.

Distribution now covers 125 million people in several midwestern and far western states and is expected to be national by the end of 1985.

The cooperative recently hired an ad agency to develop a media plan to include television, radio and print advertising.

Pepsi-Cola General Bottlers, the Chicago-based headquarter company with 28 subsidiaries, has expanded distribution of its Orchard Sun line of 10% fruit drinks. In

(Continued below)

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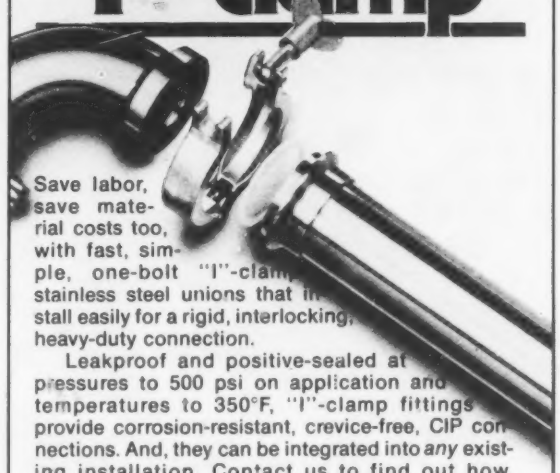

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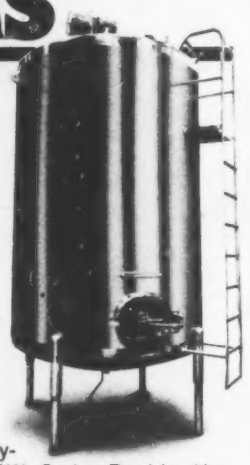

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August, it debuted in Chicago, Cincinnati, Louisville and Munster, IN. Then in October, Orchard Sun moved into Des Moines, IA; Kansas City; Beloit and Kenosha, WI; Hopkinsville, KY; Evansville, IN; Peoria and Danville, IL.

"We're at the point now that we have to decide what we want to do next," said Jerry McGuire, group vice president, regarding expansion of the line into other markets. He admitted franchising was a possibility.

"First, we have to get it where we want it in the food stores," he said.

Orchard Sun, which is available in four flavors—fruit punch, orange, grape and apple, is contract-packed by Power Packaging.

"It's no secret we avoided a large capital investment by going to a contract packer," said McGuire. "We're happy with the arrangement."

The product is packaged in 355-ml (12-oz.) packages and sold in three-packs in food stores; individual bricks are sold only through vending.

Pepsi General is one of the few aseptic marketers to shun the familiar 250-ml single-service size and opt for Combibloc's larger 12-oz. size. Not every brand has fared so well, though. Refreshment Enterprises, a wholly-owned subsidiary of Louisiana Coke in New Orleans has stopped production on its 35% fruit drink Squeeze.

The product had been franchised to as many as 13 other bottlers, mostly in the Southeast, but will now be contract-packed should these bottlers wish to continue production.

What went wrong? "We didn't anticipate this many people getting into the market," said Ben Blake, general manager, Refreshment Enterprises. When the bottler decided to launch Squeeze, roughly 19 brands/flavors were in the New Orleans market, but when the product finally hit retail shelves there were 65-70, Blake related.

"The market grew, but not at the rate to support that many brands," he said. "There probably is a place in the juice market for bottlers, but I'm not sure you can make it solely on aseptics," he added.

No doubt aseptics have left their imprint on the beverage industry, but all is not roses. Ponder these recent observations made by Kent Phillips of Data Bank Inc., a research firm:

- Aseptic case sales are roughly 1.5% of the volume for route delivered soft drinks;
- More than 10 major brands compete for sales in this category dominated by warehouse delivery with Hi-C controlling the lion's share of the volume;
- New entries are increasing the pressure in this category, making the marketing of new entries all the more difficult;
- A route delivered entry must compete with warehouse products carrying a lower wholesale price tag.

Despite these sobering observations, the aseptic category seems to appeal to many bottlers because it is a way to gain incremental sales without cannibalizing the sales of existing soft drink brands.

Tetra Pak, Combibloc, Continental Can and International Paper are the major aseptic equipment machinery suppliers with the first two having by far the most installations.

Most recently, Tetra Pak introduced a pull tab, slated to be on the market this year. The company is hopeful the innovation will make the aseptic package more appealing to the adult market, which has been somewhat evasive for aseptic marketers.

Also introduced was the AB9-250-ml aseptic packaging machine, Tetra Pak's most automated with a production capacity of 6,000 cartons an hour.

Combibloc is introducing a new machine, 506-A, which is a computerized model that the company boasts is energy-saving, requires less service and offers quicker installation. A company spokesman reports the machine is capable of speeds up to 6,300 cartons per hour and can package 500-ml, 750-ml and 1-L.

Continental Can Company has begun offering telescoping straws in plastic envelopes attached to its Conoffast aseptic plastic containers. The machine will apply the envelopes to the containers at normal line speeds using a hot melt adhesive. At full length, the straws are about 5-in. long. □

Consumption by Class and Type
(Million Mixed Cases)

	1983	Change	1984E	Change
Whiskey				
Bond	0.65	(11.0)%	0.55	(15.4)%
Straight	19.84	(5.6)	19.00	(4.2)
Total	20.49	(5.8)	19.55	(4.6)
Blended	12.32	(6.7)	11.60	(5.8)
100% Light	0.27	42.1	0.18	(33.3)
Total Domestic Whiskey	33.08	(5.9)	31.33	(5.3)
U.S.-Bottled Canadian	13.30	1.5	13.40	0.8
Foreign-Bottled Canadian	7.42	(2.8)	7.40	(0.3)
Total Canadian	20.72	—	20.80	0.4
U.S.-Bottled Scotch	7.42	(6.1)	7.15	(3.6)
Foreign-Bottled Scotch	11.26	2.8	10.65	(5.4)
Total Scotch	18.68	(0.9)	17.80	(4.7)
Irish	0.29	—	0.33	13.8
Total Imported Whiskey	39.69	(0.5)	38.93	(1.9)
Total All Whiskey	72.77	(3.0)	70.26	(3.4)
Domestic Vodka	29.74	(1.1)	29.45	(1.0)
Imported Vodka	0.83	20.3	1.05	26.5
Total Vodka	30.57	(0.6)	30.50	(0.2)
Domestic Gin	12.06	(4.9)	11.58	(4.0)
Imported Gin	2.32	4.5	2.39	3.0
Total Gin	14.38	(3.5)	13.97	(2.9)
Domestic Liqueurs/ Cordials	9.24	1.3	9.68	4.8
Imported Liqueurs/ Cordials	5.19	7.0	5.60	7.9
Total Liqueurs/ Cordials	14.43	3.3	15.28	5.9
Domestic Rum	11.72	1.6	11.50	(1.9)
Imported Rum	0.66	20.0	0.70	6.1
Total Rum	12.38	2.4	12.20	(1.5)
Domestic Brandy	4.13	(2.1)	4.15	0.5
Imported Brandy	2.53	6.3	2.75	8.7
Total Brandy	6.66	0.9	6.90	3.6
Domestic Tequila	2.96	5.3	3.20	7.4
Domestic Prepared Cocktails	2.95	(2.3)	2.85	(3.4)
Total Nonwhiskey	84.35	0.2	84.90	0.7
Grand Total Distilled Spririts	157.12	(1.3)%	155.16	(1.2)%

Source: John C. Maxwell Jr.
Laidlaw Ansbacher Inc.

Copyright: **Beverage Industry** March 1985

Top selling brands

Rank 1984	Rank 1983	Brand	Company	9-Liter Cases (000) 1984	1983	Change
1	1	Bacardi	Bacardi	8,469	8,327	1.7%
2	2	Smirnoff	Heublein (RJR)	7,134	7,202	(0.9)
3	3	7 Crown	Seagram	5,350	5,500	(2.7)
4	5	Canadian Mist	Brown-Forman	4,220	3,912	7.9
5	4	Jim Beam	James Beam (AB)	4,038	3,940	2.5
6	8	Windsor Supreme	National	3,796	3,515	8.0
7	6	Jack Daniel's	Brown-Forman	3,755	3,754	—
8	7	V.O.	Seagram	3,600	3,550	1.4
9	11	Popov	Heublein (RJR)	3,573	3,164	12.9
10	10	Seagram's Gin	Seagram	3,250	3,200	1.6
11	9	Canadian Club	Walker (HWR)	3,235	3,371	(4.0)
12	13	Gordon's Gin	Gordon/Renfield	2,585	2,585	—
13	12	Gilbey's Gin	National	2,473	2,598	(4.8)
14	15	J&B Rare	Paddington (GM)	2,350	2,271	3.5
15	16	Dewar's	Schenley (RA)	2,300	2,230	3.1
16	14	Kamchatka	National	2,282	2,350	(2.9)
17	17	Gordon's Vodka	Gordon/Renfield	2,125	2,100	1.2
18	18	Black Velvet	Heublein (RJR)	2,027	2,000	1.4
19	20	Early Times	Brown-Forman	1,880	1,869	0.6
20	21	Beefeater	Kobrand	1,875	1,856	1.0
21	19	Gilbey's Vodka	National	1,853	1,889	(1.9)
22	23	Christian Brothers	Fromm & Sichel	1,830	1,620	13.0
23	22	Kahlua	Walker (HWR)	1,700	1,630	4.3
24	24	Ancient Age	Ancient Age	1,690	1,607	5.2
25	26	Johnnie Walker Red	Somerset (D)	1,490	1,490	—
26	25	Cutty Sark	Buckingham (WB)	1,458	1,562	(6.7)
27	31	Crown Royal	Seagram	1,350	1,225	10.2
28	28	Kessler	Calvert (S)	1,310	1,380	(5.1)
29	27	Ten High	Walker (HWR)	1,300	1,479	(12.1)
30	33	Southern Comfort	Brown-Forman	1,218	1,198	1.7
31	32	Old Grand-Dad	National	1,215	1,213	0.2
32	29	Old Crow	National	1,202	1,340	(10.3)
33	30	Calvert Extra	Calvert (S)	1,200	1,260	(4.8)
33	34	Tanqueray	Somerset (D)	1,200	1,188	1.0
33	35	Lord Calvert	Seagram	1,200	1,150	4.3
36	36	Wolfschmidt	Seagram	1,100	1,140	(3.5)
37	37	Jose Cuervo	Heublein (RJR)	1,040	1,005	3.5
38	*	Baileys Irish Cream Liqueur	Paddington (GM)	1,000	950	5.3%

Key to parent corporations:
(AB) American Brands
(D) Distillers, Co.
(G) Glenmore
(GM) Grand Metropolitan
(HWR) Hiram Walker Resources
(RA) Rapid-American
(RJR) R.J. Reynolds
(S) Seagram
(WB) Whitbread

* Unranked in 1983.

Source: John C. Maxwell
Laidlaw Ansbacher Inc.

Copyright: **Beverage Industry** March 1985

Future looks bleak

Liquor sales drop again; off 1.2% in '84

NEW YORK—The liquor industry declined 1% in 1984. Brown liquor sales continued to decrease as specialty products and the white liquors picked up the slack, according to John C. Maxwell Jr., **BI's** director of research/statistics.

The only spirits showing increases were liqueurs and cordials up 5.9%, tequila up 7.4%, Irish whiskey up 13.8% and brandies up 3.6%. Canadian rose a slight .4%.

On the down side, bourbons dropped 4.6% and scotch 4.7%.

Within the vodka and gin categories, imports were up which carried the categories, accounting for the year-to-year increases in total gin and vodka. Maxwell believes that the increasing consumption of imported brands may be status related.

The top five selling brands remains virtually unchanged with the exception of the fourth and fifth positions. Candian Mist, fifth in 1983, moved into fourth position ahead of Jim Beam, which dropped to fifth.

Bacardi maintained its number one position with a slight sales increase of 1.7%. Smirnoff and Seagram's 7 Crown retained their respective number two and three spots, despite case sales declines for both. Smirnoff fell 0.9%, while 7 Crown was down 3.6%.

Moving up two spots to take the number six position was Windsor Supreme, replacing Jack Daniels which dropped to seventh. Rounding out the Top 10 are Seagram's V.O., up 1.4%; Heublein's Popov, up 12.9% and Seagram's Gin, up 1.6%.

Several brands showed double digit sales increases, however the largest growth came from Christian Brother's brandy, up 13%.

Other double digit increases were achieved by Popov vodka, up 12.9%, and Crown Royal, up 10.2%.

Maxwell feels the big worry in the industry this year is the $2 per gallon increase in the excise tax, which goes into effect Oct. 1 and raises the tax to $12.50.

This may cause as much as a 3-7% decline, although an anticipated stockpiling by the consumers prior to this date should help to keep the decline between 3-5% for 1985, Maxwell estimates.

Unless a compensating excise tax increase on wine and beer is placed, the industry may have problems into 1986, add to that the possibility of another excise tax on liquor implemented during that year.

Maxwell says if the industry can lower its proof gallonage down to 50 proof, it will be able to lower consumer costs since excise taxes are based on proof gallonage.

As it now stands, on a percentage basis the new tax will affect the cheaper brands more than the more expensive ones, leaving the higher cost products a higher margin and therefore less affected.

There are those, according to Maxwell, who want to dispose of the usage of the proof designations altogether and replace it with percentage of alcohol. This would allow for better comparisons with wine which measures absolute alcohol content versus proof.

In a separate study, Beverage Trend Analysts (BTA) concluded that the industry remained flat last year with domestic dollar sales at $3.1 billion and per capita consumption dropping slightly to 2.49 gallons.

Like Maxwell, the BTA report found several areas of growth in distilled spirits—tequila, rum, brandy, cordials and liqueurs.

BTA also saw growth in import penetration. In 1983, imports accounted for 23% of apparent consumption, and on the basis of a projected 5.7% annual increase, BTA predicts imported brands will amount to 36.8% of consumption by 1993.

BTA foresees domestic producers targeting the aging "baby boomers"; the most vital part, according to BTA of the liquor industry's consumer base. "Distillers are developing products that incorporate lightness, healthiness, and chicness and are backing them with sophisticated advertising campaigns," BTA reports.

For more information on BTA's report, *The Liquor Industry in the U.S.: A Product-By-Product Marketing Analysis & Competitor Profile*, write to: Business Trend Analysts, 2171 Jericho Turnpike, Commack, NY 11725. □

DIET SOFT DRINK CONSUMPTION

1980 Mil. Cases	1980 Market	1980 Pct. Change	1981 Mil. Cases	1981 Market	1981 Pct. Change	1982 Mil. Cases	1982 Market	1982 Pct. Change	1983 Mil. Cases	1983 Market	1983 Pct. Change	Company	1984 Mil. Cases	1984 Market	1984 Pct. Change
214.0	28.5%	9.7%	240.0	28.8%	12.1%	273.2	30.2%	13.8%	459.0	40.9%	68.0%	Coca-Cola*	574.0	43.5%	25.1%
178.0	23.7	25.4	202.0	24.3	13.5	210.0	23.2	4.0	246.5	22.0	17.4	PepsiCo #	283.0	21.4	14.8
64.0	8.5	0.6	70.0	8.4	9.4	79.0	8.7	12.9	89.5	8.0	13.3	Seven-Up	100.2	7.6	12.0
69.1	9.2	9.9	79.5	11.7	15.1	81.5	10.8	2.5	66.4	7.2	(18.5)	Dr Pepper†	78.7	6.0	18.5
40.5	5.4	6.6	37.0	4.4	—	35.0	3.9	(5.4)	29.1	2.6	(16.9)	Royal Crown Cola	37.4	2.8	28.5
23.0	3.1	2.7	30.0	3.6	30.4	29.4	3.2	(2.0)	35.5	3.2	20.7	R.J. Reynolds	31.0	2.3	(12.7)
18.0	2.4	9.1	19.9	2.4	10.6	21.9	2.4	10.1	21.9	2.0	—	Sugar Free A & W	20.2	1.5	(7.8)
6.7	0.9	3.1	6.8	0.8	4.5	6.9	0.8	1.5	7.1	0.6	2.9	Dad's	6.5	0.5	(8.5)
613.3	81.8	12.1	685.2	82.4	11.7	746.9	82.5	9.0	955.0	85.0	27.9	Subtotal	1,131.0	85.7	18.4
136.7	18.2	7.6	146.8	17.6	7.4	158.7	17.5	8.1	168.0	15.0	5.9	All Others	189.0	14.3	12.5
750.0	100.0%	11.3%	832.0	100.0%	10.9%	905.6	100.0%	8.8%	1,123.0	100.0%	24.0%	Total	1,320.0	100.0%	17.5%
12.8%			13.8%			14.6%			17.3%			% of Total Market		19.2%	

* Includes Tab, Caffeine Free Tab, Fresca, diet Coke, Caffeine Free diet Coke, and diet Sprite.
# Includes Diet Pepsi, Pepsi Light, and Sugar Free Pepsi Free.
† Includes No-Cal.

Source: Laidlaw Ansbacher Inc.

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Beverage Industry
March 1985

CAFFEINE-FREE CONSUMPTION

(cola and pepper only)

1983 Mil. Cases	1983 Pct. Market	Company	1984 Mil. Cases	1984 Pct. Market	1984 Pct. Change
160.0	43.8%	PepsiCo	163.0	40.5%	1.9%
75.0	20.5	Coca-Cola	115.0	28.6	53.3
20.0	5.5	Dr Pepper	19 6	4.9	(2.0)
28.2	7.7	Seven-Up	25.0	6.2	(11.3)
72.5	19.8	Royal Crown Cola	59.7	14.8	(17.7)
355.7	97.3	Subtotal	382.3	95.0	7.5
10.0	2.7	All Others	20.0	5.0	100.0
365.7	100.0%	Total	402.3	100.0%	10.0%
5.6%		% of Total Market		5.9%	

Source: Laidlaw Ansbacher Inc.

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Colas, flavors push gain

(Continued from page 23)

He points out there is not enough caffeine in soft drinks to cause any measureable adverse effect in the body, while in coffee, the caffeine content is often a major reason for either drinking the product or making the decision to stay away from it.

"Caffeine-frees don't serve any real function, and the public is now figuring that out," he says.

Caffeine-free Coke accounted for virtually all of the change there, up by 40 million cases or 53%. It now controls 28.6% of that market.

Pepsi Free colas still dominate the category, though, with a 40.5% controlling interest. Pepsi drinks were up 3 million cases for a 1.9% increase.

Other franchises offering caffeine-free drinks suffered net losses for the year, from a 2.0% deficit for Dr Pepper to a 17.7% nosedive for Royal Crown's caffeine-free brand.

Top ten

Coca-Cola continues to dominate the industry, ranking number one with a 21.8% market share. Coke marked a 3.1% change over 1983.

Pepsi has maintained the number two spot, with 17.0% market share, posting a sizable 6.8% increase in sales.

Diet Coke, however, hoisted itself into a tie for the number three spot, alongside 7UP.

While diet Coke is listed at a 350 million case movement and 7UP at 355.5 million, Maxwell has termed third place a tie.

"Because of only a slight difference of less than 6 million cases, it's too close to make a definitive statement," Maxwell notes.

"We're pleased to see John Maxwell has joined other experts who have declared diet Coke as number three, as we said it was early last year," a Coca-Cola spokesman says.

Dr Pepper held fifth place in 1984, with a 10% sales increase in the brand. Sprite maintained the sixth position with 230 million cases sold.

Diet Pepsi, with its 26.9% increase, moved up the ladder to the seventh potition, while Mountain Dew moved down to eighth.

Royal Crown Cola moved up a notch to fill the number nine position, and Tab filled out the field at tenth.

While flavors are making headway in the overall market, none have shown in the top ten. An examination of the 11-20 spots pinpoints some high positioning of top flavor brands.

Sunkist ranked 11th with 100 million cases moved, followed closely by Diet 7Up at 95.2 million case sales.

Pepsi Free was 13th at 93 million cases; Canada Dry Ginger Ale 14th at 81 million cases, and Fanta 15th with 71 million cases sold.

Dr Pepper held the 16th and 17th spots, with Sugar Free Pepper Free moving 70 million cases and Sugar Free Dr Pepper selling 68.4 million.

Caffeine-Free diet Coke followed at 65 million cases, A&W came in at 49.6 million cases, and Canada Dry Club Soda rounded out the field at 42 million cases moved.

Three caffeine-frees made the second ten last year, Coke, Pepsi and Dr Pepper brands, whereas none were present in the top 20 drinks of 1983.

Compared with 1983, Sunkist was up 2%, Canada Dry Ginger Ale was up about 7%, and A&W up 11%. These, like other brands, are indications of increased consumer demand for flavors. □

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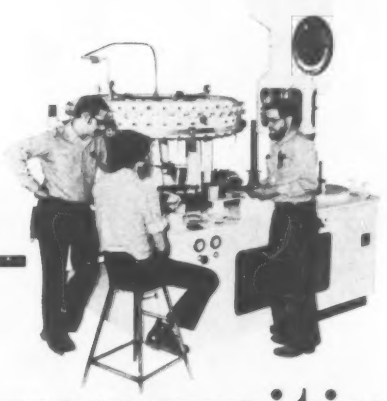

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